

Bureau of Indian Affairs, Interior

§ 103.46

full debt service based on periodic review by the Commissioner. Cash flow shall be deemed sufficient to pay debt service when earnings before interest and taxes, after adjustments for extraordinary items, equal or exceed industry norms.

(b) The lender shall notify the Commissioner that he has made or modified an insured loan under the provisions of a general insurance agreement within 20 days of such action and provide the Commissioner with the following information:

(1) The name and address of the borrower.

(2) Tribal affiliation of the borrower.

(3) Amount of the loan and purpose(s).

(4) The repayment schedule.

(5) The interest rate charged the borrower.

(6) The date(s) funds were advanced.

(c) After receiving notice from the lender, the Commissioner will establish the interest subsidy rate and notify the lender of the rate established. The Commissioner may establish procedures requiring lenders to provide reports which will expedite the prompt payment of interest subsidies. Interest subsidies will be paid on the unpaid principal balance owed by a borrower either annually, semiannually, quarterly or monthly, depending on the time interest is scheduled to be paid and as near the due date as feasible, but not before. Lenders shall notify the Commissioner promptly when borrowers pay interest or principal in advance of the due date(s) provided in the loan agreement. The interest subsidy rate established by the Commissioner will be in effect for three years. At the end of the third year the need for subsidy will be reviewed and extended on an annual basis for the next two years, if justified.

[40 FR 12492, Mar. 19, 1975. Redesignated at 47 FR 13327, Mar. 30, 1982, as amended at 57 FR 46474, Oct. 8, 1992]

§ 103.43 Premium charges.

A premium of 2.0 percent of the guaranteed portion of a loan will be charged to lenders. The lender may increase the principal amount of the loan by the cost of the premium and charge it to the borrower. The lender shall pay the

premium within 90 days of the date of approval of the loan guaranty. Existing lenders may elect to modify their Loan Guaranty and Insurance Agreements with the Bureau of Indian Affairs so as to pay future premium payments in a lump sum. If the guaranty premium is not paid within 90 days of approval of the loan guaranty or modification of the agreement, the Commissioner will send the lender a notice of non-payment. If the premium is not paid within 30 days of the receipt of this notice, the guaranty shall be subject to termination.

[57 FR 46474, Oct. 8, 1992]

§ 103.44 Other charges.

Funds may be included in loans for payment of reasonable and customary costs for legal or architectural services, appraisals, surveys, compliance inspections, title searches, lien searches, recordation costs, hazard and liability insurance premiums, taxes and such other charges as the Commissioner may authorize at the time a loan is made. Loan service charges, if any, may be charged if authorized in the loan agreement. Funds included in a loan for payment of loan service charges may not bear interest pursuant to § 103.41. Payment by the borrower of points, finders fees, loan origination fees, bonuses or commissions for loans guaranteed under this part is prohibited.

[40 FR 12492, Mar. 19, 1975. Redesignated at 47 FR 13327, Mar. 30, 1982, as amended at 57 FR 46474, Oct. 8, 1992]

§ 103.45 Late charge.

Lenders may assess borrowers a late charge on any loan installment, principal only, received more than 30 days after its due date if the loan agreement at the time of approval contains an authorization to this effect. The rate shall be specified in the loan agreement. The amount of late charges assessed may not be guaranteed or insured. Interest may not be charged on late charges.

§ 103.46 Loan servicing.

(a) The guaranty or insurance of a loan by the Commissioner and the issuance of an insurance agreement